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BOATING INDUSTRY

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Winter Boat Shows Issue

Pricing Strategies that Work!

How to Buy the Right Software

1983 Annual Business Review

Sell the Bass Boat Market

Language Tools to Close That Sale

Evaluating Personnel

BOATING INDUSTRY

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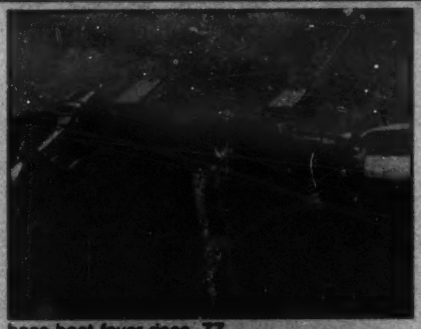
As we swing into the '84 winter boat shows season, the state of the boating business is the healthiest it's been in three years. Earnings are up practically across the board, and the '84 outlook is bright.

PHOTO: BOUNDAS



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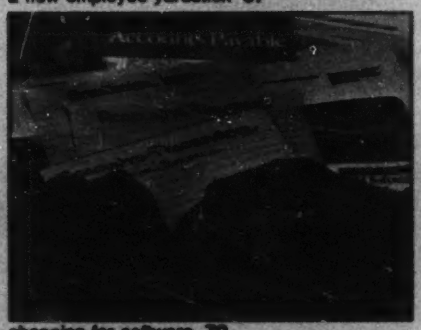

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46 **BOATING BUSINESS: 1983**

With the exception of sail, the pleasure boating industry rebounded beautifully in 1983. Consumers spent more than $9 billion on boating goods and services. The modest rate of inflation translated these sales into real gains.

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Many marine dealers become honorary pallbearers at their own business funerals because they do not take advantage of proper pricing and displaying.

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Proper evaluation allows management to spot personnel problem areas quickly. It also presents an opportunity to reward employees for excellence.

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In the final installment of our four-part series, marine dealers are counseled to use software shopping lists as a roadmap.

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If you were the customer, whose thoughts would influence you more; your own, or those of the salesperson? The right language skills can increase sales power!

77 **BASS BOAT MARKET UPDATE**

Bass boating has outgrown its *traditional* boundaries and is creating good profit opportunities for both dealers who sell the rigs, and equipment manufacturers who make the accessory add-ons.

BUSINESS

C & C Goes Commercial

C & C Yachts, Ltd., builder of custom sailing yachts in Ontario, Canada, has launched Commercial Marine, Ltd., a wholly owned subsidiary, to design engineer, and manufacture industrial and commercial marine products. J. R. Forsey, executive vice president of C & C Yachts, will serve as president of the new subsidiary which will also be headquartered in Niagara on-the-Lake, Ontario, Canada.

Gott Expands Facility

Gott Corporation, manufacturer of insulated coolers and related products, has announced plans for the construction of a 7,750 sq ft addition to its existing facility in Winfield, Kansas. The new wing is expected to house the company's engineering and research & development divisions. The company completed a 90,000 sq ft warehouse addition in February 1983, and a 35,000 sq ft addition to the manufacturing facility in April '82. The new structure, scheduled for completion in April 1984, will bring total building space at the 37-acre complex to nearly 375,000 sq ft.

Uniflite/Murray Merger Fizzles Out

Murray Industries, Inc. has terminated negotiations for the acquisition of Uniflite, Inc., a Bellingham, Washington-based fiberglass boatbuilder. No reason was given for the change of heart, which preceded the signing of a definitive agreement. The price was to have been $10 in cash for each share of Uniflite stock. Murray is a privately owned holding company, principal subsidiaries of which manufacture Chris-Craft pleasure boats in Bradenton, Fla.

Berger to Market II Morrow

Berger Marketing has agreed to market the II Morrow navigation line from Maine to Virginia. The Pasadena, Md. sales organization will be responsible for sales of Loran C navigation receivers, track plotters, and autopilots in its assigned territory. II Morrow products are manufactured in Salem, Ore.

Kongsberg North America Moves

Kongsberg North America, Inc., has moved to larger facilities in Hauppauge, New York. Robertson, the autopilot division of Kongsberg, will also be based at the new site.

Shoreline Opens New Assembly Plant

A new assembly and distribution plant in Rochester, N.Y. will handle distribution of the Shoreline and Highlander lines of boat trailers and the Comet line of snowmobile, utility and cargo trailers. The plant will service all major upstate New York markets. Shoreline Products, a Fuqua Industries subsidiary based in Arlington, Tex., now has eight company-owned assembly plants and fifteen independent distributor locations. Bruce Blanchard, regional sales manager for the Hamel, Minn. assembly plant, has been promoted to general manager at the Rochester facility.

Teak Wonder to ABCO Marine

Ranger Marine, San Francisco, Calif. has sold its license to manufacture Teak Wonder Products to ABCO Marine Products based in Anacortes, Wash. According to Ranger officials, the sale will enable the firm to concentrate on new promotional programs nationally, and its new bus conversion division.

Windsurfing International Buys Schweitzer Line

Windsurfing International, Inc. has acquired the Matt Schweitzer Pro Design (MSPD) custom sailboard line. The Torrance, Calif. sailboard manufacturer will offer all four models of the MSPD fiberglass line designed by current world champion Matt Schweitzer. Schweitzer is a designer for Windsurfing International's production sailboard—*Windsurfer®*—in addition to his custom sailboard line.

Jobe Thinks Snow

Jobe Ski Corporation will market three snow ski models through selected snow ski dealers throughout the United States for the 1983-84 ski season. Jobe will also be the exclusive distributor of Kronos ski boots from Italy. The Redmond, Wash.-based firm had previously limited production to waterskis.

Mainland Windsurfing Opens for Business

Colin Perry, president of Windsurfing Hawaii, and Dick Lamb, former vice president of Windsurfing International, have formed Mainland Windsurfing Hawaii operating out of Santa Barbara, Calif. The new corporation will manufacture a complete line of high-performance equipment, and market these products throughout North America and the Caribbean.

Edson International Buys Danforth Davits

Edson International, New Bedford, Mass. has acquired the complete line of davits for both power and sailboats from Rule/Danforth of Gloucester, Mass. Edson will integrate the davits into its existing product line.

Honnor Marine Launches U.S. Marketing Arm

Honnor Marine (U.K.) Ltd., has opened a new office in the United States to handle the importation, sale and servicing of its *Drascombe* boats. Fred Taska, Edgcombe, Me. has been appointed to direct the marketing/service operation for the Devon, England builder.

OCCUPATIONS OF UPPER INCOME BOAT BUYERS

	$35,000-39,9999	$40,000-49,000	$50,000 & Over
Worker/Skilled Worker	14%	11%	2%
Service Technician	4%	3%	-
Professional	6%	10%	22%
Manager/Top Manager	33%	39%	31%
Self-Employed/Owner	17%	14%	31%
Retired	6%	6%	1%
Other	20%	17%	13%
	100%	100%	100%

Source: NMMA, Chicago, IL.

BOATING INDUSTRY

The Boating Business

This is a report on the current state of the pleasure boating industry based on the latest information available. The statistics presented here were compiled by the editors of BOATING INDUSTRY for use as business guidelines during 1984. Some figures are based on our own nationwide surveys, others from materials provided by the National Marine Manufacturers Association, the Water Ski Industry Association, the U.S. Coast Guard, the U.S. Chamber of Commerce, and individual manufacturers and groups. Unit sales rebounded strongly in most categories for 1983, and all indicators point to continued strong sales in 1984.

1983

1983 Estimates of the Size of the Recreational Boating Industry

ACROSS THE COUNTRY:

PEOPLE: 61,776,000 Americans participated in recreational boating in 1983, having used the waterways more than once or twice during the year.

WATER SKIERS: Approximately 15,400,000 went water skiing.

BOATS: 13,245,000 pleasure craft made their way through U.S. waters. Following is a breakdown by boat type and propulsion. Due to this format, the total of these individual estimates will exceed the total pleasure craft population estimate quoted above.

OUTBOARD BOATS: 7,274,000 outboard boats owned in the U.S.

INBOARD BOATS: The 445,000 inboard boats owned include auxiliary-powered sailboats and boats documented by the U.S. Coast Guard.

SAILBOATS: 1,111,000 sailboats without inboard power were in use in 1983 on all waters.

OPEN-DECK BOATS: An estimated 104,000 pontoon boats were in use.

HOUSEBOATS: 28,200 houseboats were estimated to have been in use.

INBOARD/OUTDRIVE BOATS: There were an estimated 911,000 in use at the close of 1983.

MISCELLANEOUS: An estimated 3,371,800 rowboats, canoes, dinghies, prams and other miscellaneous craft were owned at the end of 1983.

OUTBOARD MOTORS: 9,051,000 outboard motors were in use during 1983.

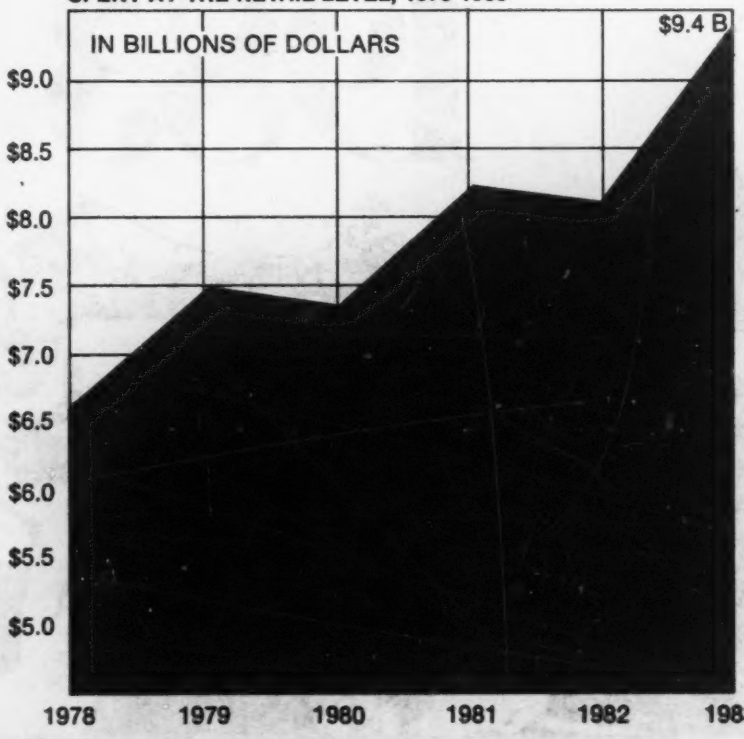
INBOARD ENGINES: Approximately 1,517,000 inboard gasoline and diesel engines were owned, including conversions of automotive engines.

JET DRIVES: By the end of 1983, it is estimated that the number of jet drives in use was 93,000.

BOAT TRAILERS: Approximately 4,838,000 boat trailers were owned in 1983, including those that were both home-made and factory-produced.

MARINAS: Approximately 5,919 marinas, boatyards and yacht clubs with waterfront stations served boaters in the United States during 1983. The estimated breakdown is 4,419 marinas and 1,500 boat clubs.

SPENT AT THE RETAIL LEVEL, 1978-1983



1983 SALES ESTIMATES:

Approximately $9,375,000,000 was spent at the retail level for new and used equipment, services, insurance, fuel, mooring and launching fees, repairs, and boat club memberships.

273,000 outboard boats
11,385 inboard boats
79,000 inboard/outdrive boats
3,200 jet drive boats
40,000 non-powered sailboats (not including sailboards)
3,740 auxiliary-powered sailboats
107,000 canoes
11,000 deck & pontoon boats
1,500 houseboats
184,000 boat trailers
337,000 outboard motors
104,125 inboard & I/O engines
23,600 inflatable boats
8,400 air conditioners
370,000 depth sounders
4,200 diesel engines (5 to 60 hp)

NOTE: All estimates include consideration of retail sales from dealers' inventories as well as factory shipments. Previous years' data reflect only the latter.

An Overview of 1983 in the Boating Industry

One year ago Boating Industry was forecasting "a modest upward trend" for 1983. A question we asked ourselves: "Were we on target in our look ahead?"

The financial market place behaved about as we expected, with both consumer loans and business loans easier to get, and at rates that are considered reasonable in this decade. This cost of money factor was one of the most important in making our major forecast come true. We said: "The general consensus of the industry is that unit sales will show a modest upward trend beginning in 1983."

In some categories the results were better than "modest," but in others (like smaller sailboats) the poor performance at the cash register pulled the averages down to truly "modest." One explanation is that bank arrangements were more easily made for outboard boats and for motors, because of the larger corporations' advance efforts with the financial community.

The trailer market stopped its slump, no doubt for related reasons. All in all, price, credit availability, and regional economic conditions affected boat sales in just about the way that was expected. Short range forecasts, at least, seem to be working out—and industry people, at both the dealer level (where sales happen) and the manufacturer level (where product availability is determined) seem to be getting closer to accurate trend-spotting.

The over-all result, for all products, is a dollar sales increase of better than 15% to a grand U.S.A. total of $9,375,000,000 spent at retail for new and used boats and motors, for equipment, fuel, maintenance and insurance, and for storage and moorings. If someone with a calculator puts in some amount for boat clothing, yacht club dues, books, entertainment afloat, and fishing tackle the chances are that More Than One Billion Dollars will come up . . . and blinking.

A LOOK AT OTHER HAPPENINGS IN THE WORLD OF BOATING

The ebb and flow of the boating public, of national boaters' organizations and educational groups, of state boating administrations, and special interest outfits made news in 1983. Some of the trends at the local level may turn out to be important for the whole recreational boating industry. Some of the quiet, unpublicized happenings may be the cloud on the horizon (or the patch of blue sky).

Herewith a roundup of trends and progress, of opinions and problems:

- The United States Power Squadrons made small gains in membership (up to about 55,000, but that's lower than eight years ago) and somewhat stronger gains in boating education. In about 400 places across the country the USPS public boating courses helped provide a foundation of good practices in seamanship for about 36,000 persons. Since the beginning of the Power Squadrons' educational program more than 2,500,000 persons have taken their free courses.

- Meanwhile the Coast Guard Auxiliary, offering courses not quite as time-consuming for the beginning boater, had organized activities, largely educational, at about 1,300 locations in every state. Membership grew during the year, to 42,165. More than 36,500 persons graduated from various adult courses, including Boating Skills. In addition, hundreds of thousands of youngsters have taken Auxiliary courses.

- The largest of all the organized groups, Boat Owners' Association of the United States, grew considerably—to a total membership of more than 135,000. This organization maintains an effective Washington office, and has worked with industry groups to stop some of the more threatening efforts by Congressional chairholders. It has also helped members and industry firms resolve warranty problems and improve customer relations.

A new 1984 program of Boat/US' Foundation for Boating Safety is an 800 telephone number so that new and prospective boat owners can call to find out where and when boating classes are available in their home communities.

- The American Water Ski Association may be smaller in numbers, but its members fuel one of the big trend activities in boating. There are about 16,000 members, with an increase of 8% in 1983. There are 300 affiliated water ski clubs, hundreds of tournaments, and enough family skiing to generate long-range activity. Although barefoot skiing and group "show competitions" are the most obvious new trends at the highest levels of expertise, at least one measurer of grand totals has said "there are 17½ million water skiers in the U.S."

This may be in contrast to the activity on European waters, where the watersports fans being towed by powerboats are not so numerous—while the board-sailors dominate.

- "Boardsailing in the United States will get a big shot in the arm from the Olympics—because these boats will be an official class for the first time," say members of the International Windsurfing Class Association. There are about 25,000 members—making it by far the largest sailing class in the United States, or the world.

- Looking at boating at the state government level gives a varied picture—because some states concentrate on law enforcement, some on boater education, some on increasing facilities such as launching ramps and still others on the promotion of fishing to attract tourists from out of state. The National Association of State Boating Law Administrators, at their fall meeting in Mobile, Alabama, concentrated on two subjects [1] A model state law concerning boat operators licensing (no action) and [2] Alcohol and "implied consent" (the right of enforcement operators to give drunkenness tests).

Sales of New Outboard Boats, Motors and Inboard/Outdrive Boats

IN DOLLARS AND UNITS

	1980	1981	1982	1983
$2,860 AVERAGE RETAIL COST OF 1983 OUTBOARD MOTOR				
Total units sold	315,000	318,000	293,000	337,000
Retail value	$554,400,000	$698,010,000	$758,870,000	$963,820,000
Average value	$1,760	$2,195	$2,590	$2,860
$1,837 AVERAGE RETAIL COST OF 1983 OUTBOARD BOAT				
Total units sold	290,000	281,000	236,000	273,000
Retail value	$408,320,000	$431,335,000	$408,752,000	$501,501,000
Average value	$1,408	$1,535	$1,732	$1,837
$12,340 AVERAGE RETAIL COST OF 1983 INBOARD/OUTDRIVE BOAT				
Total units sold	56,000	51,000	55,000	79,000
Retail value	$616,000,000	$652,545,000	$685,850,000	$974,860,000
Average value	$11,000	$12,795	$12,470	$12,340
$661 AVERAGE RETAIL COST OF 1983 TRAILER				
Total units sold	176,000	190,000	160,000	184,000
Retail value	$96,448,000	$98,990,000	$99,360,000	$121,624,000
Average value	$548	$521	$621	$661

Outboard Motor Sales

The average retail cost of an outboard motor is approaching the $3,000 mark at an accelerated pace. In 1983 the average outboard retailed for $270 more than the previous year—a price increase of approximately 10%. Price increases in '82 over '81 had only averaged about 8%. The spiraling price ticket on outboards is making the power option more expensive than the cost of the average outboard boat. Unit sales of outboards were up approximately 15%—their best showing in three years. Gains in total dollar sales over '82 amounted to a whopping 27%.

IN MILLIONS OF DOLLARS

Exports Drop 22% in Dollar Value

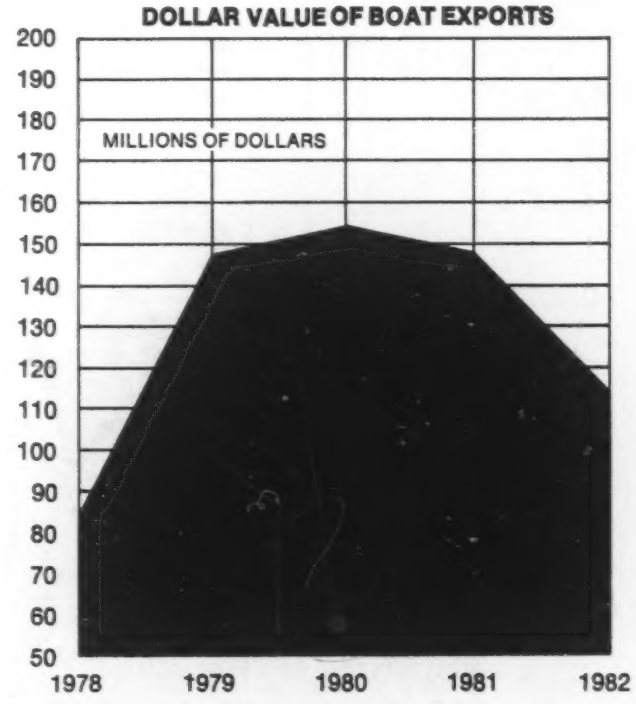
The pleasure boats & accessories items most heavily exported in recent years have been new inboard powered yachts or pleasure boats; gasoline outboard motors for use in marine craft; new inboard/outdrive powered yachts or pleasure boats; marine gasoline engines, and inboard with outboard drive (all valued above $15 million in 1982).

The leading markets for U.S. pleasure boats & accessories in 1982 were Canada (10.6% of total), Venezuela (10%), Belgium (8.2%), Kuwait (5.3%), Australia (5.2%), and Hong Kong (4.8%). Other major markets (above $5 million) were Italy, Mexico, Japan and Singapore. Of the major, large-volume markets, those showing the highest four-year growth rate for U.S. pleasure boats & accessories (1978-1982) were Kuwait (+270%); Singapore (+134%); Venezuela (+129%); Mexico (+98%); Hong Kong (+78%); and Italy (+65%).

The leading foreign competitors of the U.S. for the world pleasure boats & accessories market are Japan (40.8% share); Germany (9.8%); Norway (8%); France (7.3%); United Kingdom (7.1%); Sweden (5.8%); Netherlands (4%) and Italy (3.8%). *Source: U.S. Chamber of Commerce*

DOLLAR VALUE OF BOAT EXPORTS

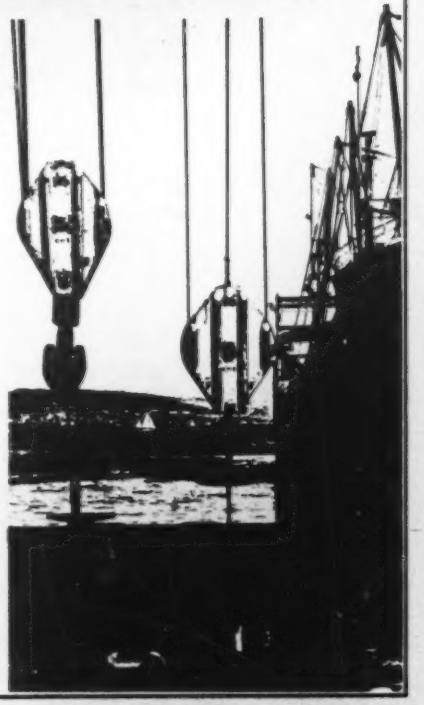
Year	Value	% Change
1982	$113,661,000	−21.7
1981	$145,136,693	−26.0
1980	$154,842,274	+8.9
1979	$142,148,702	+60.2
1978	$ 88,724,112	+13.2
1977	$ 77,983,753	+4.8
1976	$ 74,434,542	+20.5
1975	$ 61,781,000	−43.7
1974	$109,813,062	+46.1



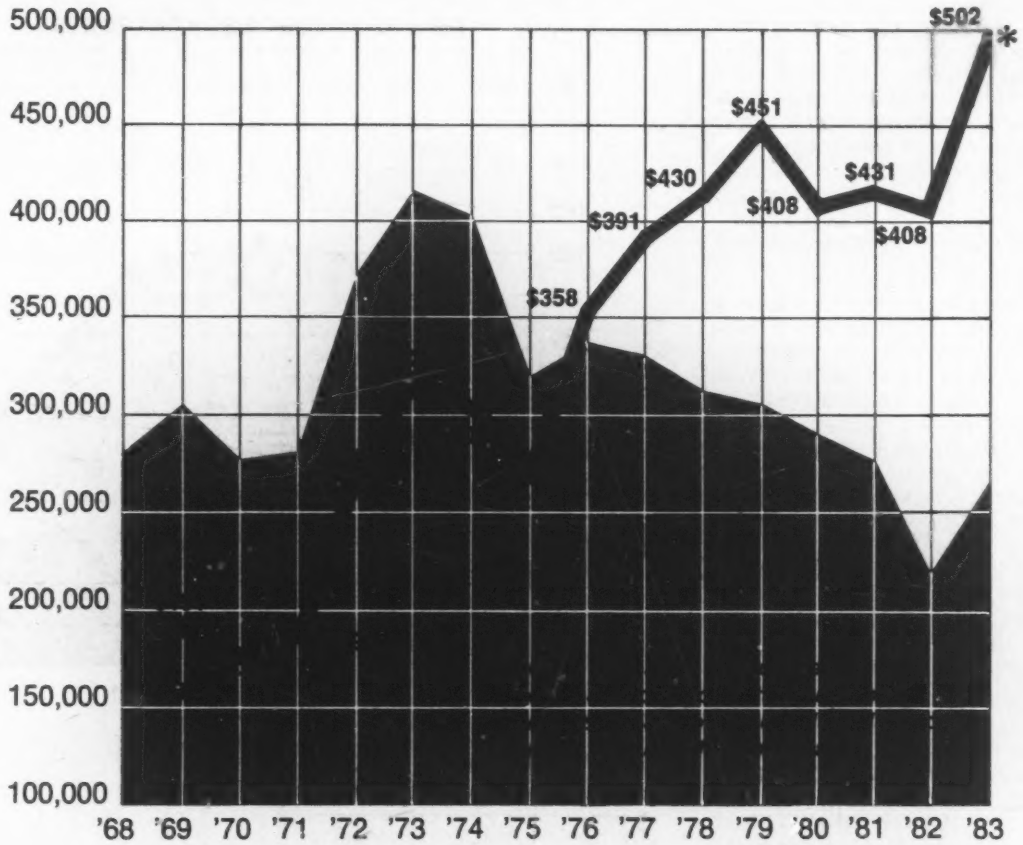
BEST EXPORT MARKETS

The markets listed below appear to be particularly promising for U.S. exports of pleasure boats and accessories over the next two years. *Source: U.S. Chamber of Commerce*

Australia	Jamaica
Bahamas	Japan
Bahrain	Kuwait
Belgium	Panama
Canada	Saudi Arabia
Colombia	Singapore
France	Switzerland
Hong Kong	Taiwan
Italy	United Kingdom
	Venezuela



Outboard Boat Sales Show Hefty Increase



Half a billion dollars—for the first time in the history of the industry—was spent for new outboard boats in 1983. At the same time this 23% increase in dollar sales was being recorded, unit sales were rising for the first time in six years. A total of 273,000 new boats were sold—and from the standpoint of the dealer there were corresponding increases of unit sales of motors and accessories carried on the same wave of customer acceptance. In most cases, of course, a customer buying a new boat and motor spent more for the motor—a thousand dollars more—than for the boat.

The boats weren't larger; continuing inflation as a factor is not easily measurable in this case; a continuing trend toward "quality" is equally hard to establish except as an opinion—but boat by boat, they did cost more. Since most indications are that fewer dealers were selling more boats during the year, the improvement in local business at each dealer facility would seem to be substantial. Average unit cost of boats was $1,837, and of motors, $2,860.

Average Length of Outboard Boats Holds Steady...Just Under Sixteen Feet

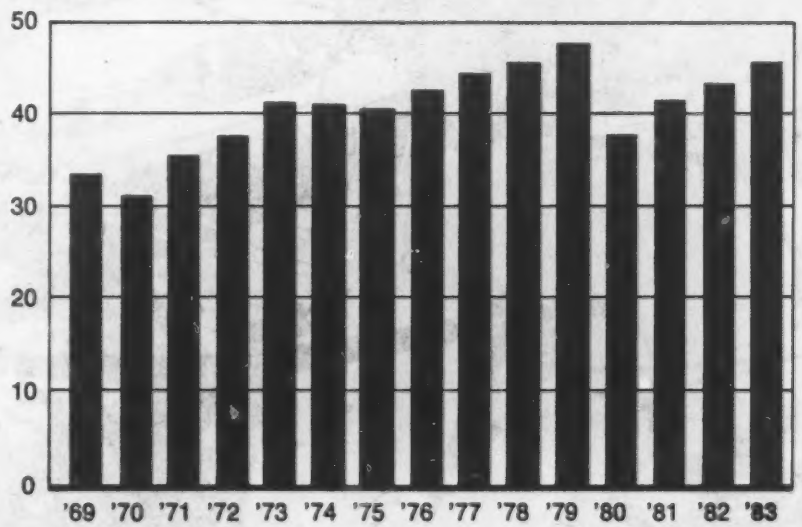
AVERAGE LENGTH

1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
14.2 FEET	14.4 FEET	14.8 FEET	14.9 FEET	15.1 FEET	16.3 FEET	15.8 FEET	15.8 FEET	15.8 FEET	15.8 FEET

A decade ago the average length of new outboard boats was just over 14 feet. Like a snail on the charts, Average Length crept slowly upwards, finally leveling off four years ago at 15.8 feet. In 1983 if Mr. Average Dealer had to allow for a little more storage space for his inventory—and that's a cost just like the more expensive inventory itself—at least he could, and did, offset it by selling a somewhat larger outboard motor. If the size of the family car was shrinking during the same decade it was for reasons of fuel economy; the boat-owning family knows it can operate the outboard with the throttle set down a notch or two and save money without any loss of water-borne mobility or pleasure. More significant explanations, perhaps, are the growth in the popularity of water-skiing and the increasing numbers of persons who are using the boat as part of the Average Family. The Head of Household, too, is likely to think of The Boat as an Investment in the same category as that Family Car.

Outboard Motor Horsepower... An Upward Trend

In terms of Average Horsepower, a few years ago the size of outboard motors took a tumble after ten years of somewhat amazing growth. In 1983 the increase in average power continued—again with technical improvements like fuel efficiency and lighter weight as the apparent explanation. Once again the high-tech manufacturers influenced the marketplace.

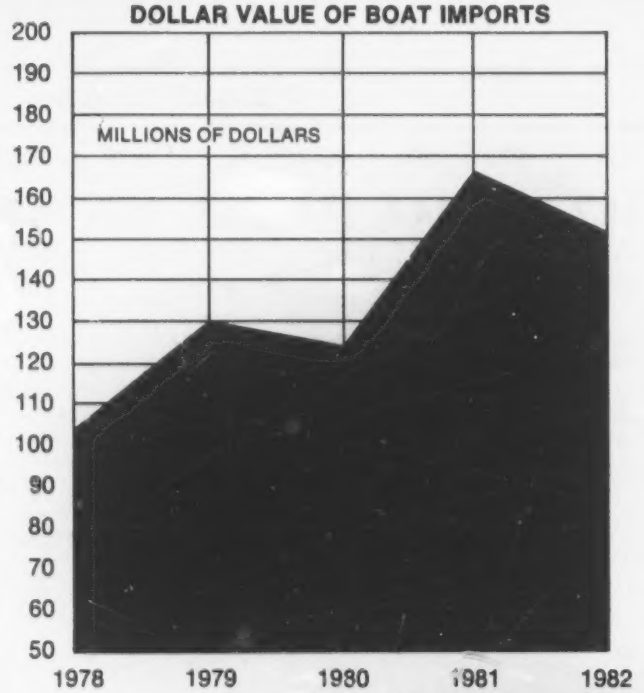


1982 Imports Were Down, Including Big Boats

Americans import a lot of boats, even with the 8.2 percent drop in dollar value for 1982. (The year before, 1981, imports were up, to a hefty $164,712,949). The U.S. Department of Commerce divides pleasure boat imports into two groups: those with a value, per boat, of less than $15,000, and the more expensive boats, above that figure. In 1982 imported boats of the less expensive kind were valued at $30,890,000, (down 13 percent) and the larger boats, whose value was $120,335,000 for the year. This drop was 6.9 percent.

DOLLAR VALUE OF BOAT IMPORTS

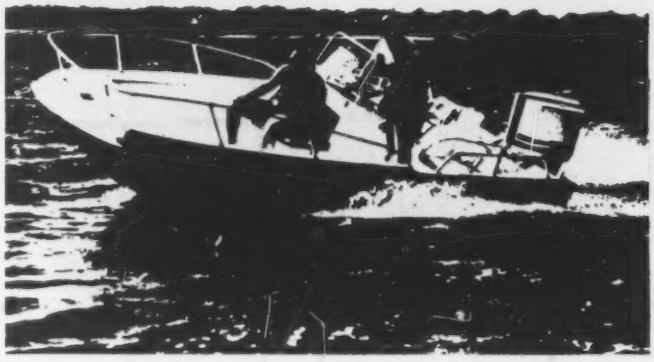
Year	Value	% Change
1982	$151,225,000	−8.2
1981	$164,712,949	+28.0
1980	$128,233,550	−4.7
1979	$134,541,117	+27.3
1978	$105,657,112	+32.1
1977	$ 79,965,379	+41.4
1976	$ 56,587,692	+9.1
1975	$ 51,873,352	−15.0
1974	$ 61,027,436	−7.2



Accidents Up in 1982

Underneath the accident statistics in the field of boating are several questions and not quite as many answers.

Is boating getting safer because people use their boats less? The number of boats can be measured . . . the number of accidents can be estimated or approximated (reporting is not consistent) . . . and the known statistics are certainly giving a brighter picture of Boating Safety year by year. What seems to be happening is that there are more and more boats, and substantially fewer accidents. It may not be a perfectly clear, sharp picture—but as much as it shows anything it shows something on the good news side.



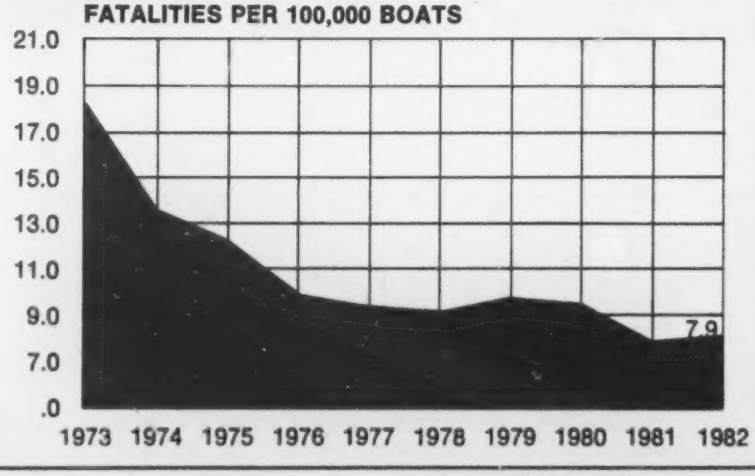
1979	1980	1981	1982	
5,368	5,513	5,128	5,377	boating accidents reported to the Coast Guard
6,934	6,954	6,573	7,071	boats involved in accidents reported to the Coast Guard
1,400	1,360	1,208	1,178	lives lost in boating accidents reported to the Coast Guard
2,463	2,650	2,438	2,682	persons injured non-fatally in boating accidents reported to the Coast Guard

Fatalities Down: Death Rate Per 100,000 Boats Falls to 7.9

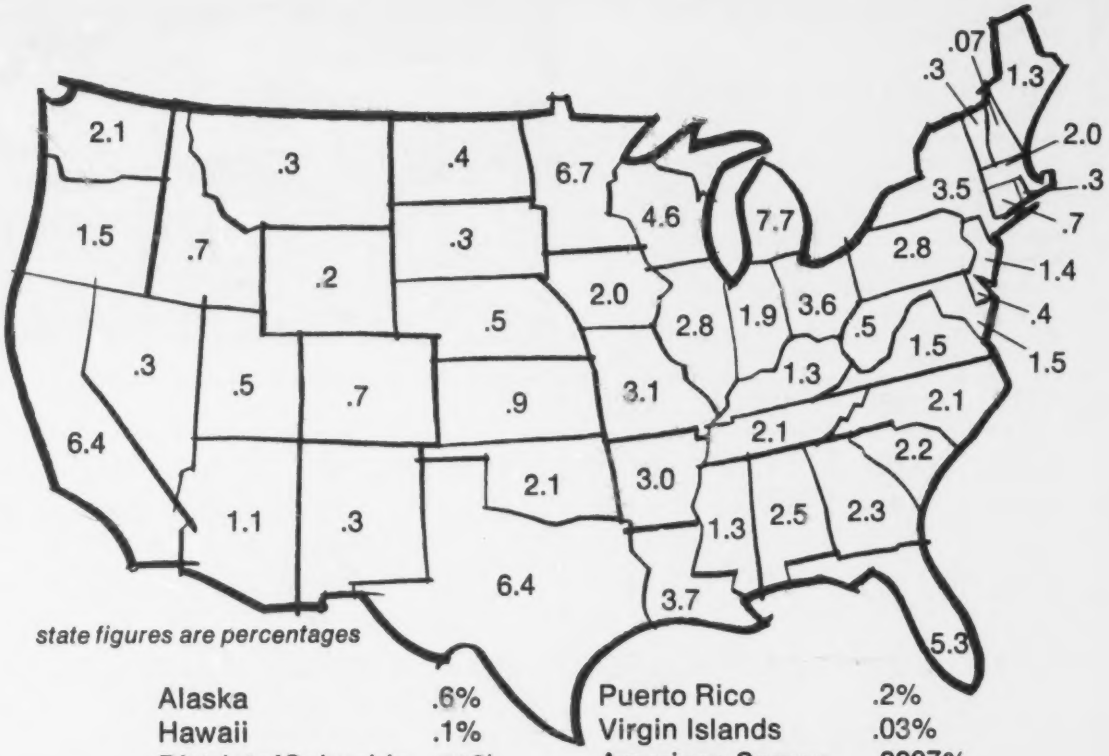
The death rate per 100,000 boats is consistently going down.

These favorable statistics enter into political debates, whenever legislators talk about boat operator licenses. They are invoked when efforts are made to increase boating education (and here dealers realize that aside from safety, education inspires confidence and therefore sales).

Boating accidents statistics, one should note, are collected at various local levels, then at the state levels, and eventually assembled by the Coast Guard.



Distribution of 9,073,972 Registered Boats by State



state figures are percentages

Alaska	.6%	Puerto Rico	.2%
Hawaii	.1%	Virgin Islands	.03%
DistrictofColumbia	.04%	American Samoa	.0007%
Guam	.007%	Northern Marianas	.001%

States	Population (thousands)	Total Registered Boats	% of Total Registered Boats in the U.S.	One Boat Per ( ) Persons	Sq. Miles Inland Water	Miles of Coastal Shoreline	EFFECTIVE BUYING INCOME Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
NEW ENGLAND—425,509 REGISTERED BOATS 4.7%										
Connecticut	3,134.1	67,078	.7	46.7	147	618	11,474	27,661	1,140.8	758.0
Maine	1,148.3	117,213	1.3	10.0	2,270	3,478	7,770	18,659	416.5	191.8
Massachusetts	5,765.0	181,699	2.0	31.7	460	1,519	9,946	24,171	2,105.8	1,252.6
New Hampshire	970.1	6,801	.07	142.7	286	131	9,222	22,582	351.8	200.3
Rhode Island	956.0	25,189	.3	38.0	158	384	9,259	22,006	352.4	193.
Vermont	523.1	27,529	.3	19.0	341	—	8,055	19,361	188.7	90.7
MIDDLE ATLANTIC—1,567,855 REGISTERED BOATS 17.3%										
Delaware	607.0	34,861	.4	17.4	112	381	9,539	23,552	218.0	127.2
District of Columbia	613.0	3,786	.04	161.9	—	—	11,981	23,416	249.2	143.7
Georgia	5,693.0	207,254	2.3	27.5	854	2,344	7,876	18,960	2,004.8	948.1
Maryland	4,278.1	137,719	1.5	31.1	623	3,190	10,198	25,671	1,528.5	963.0
New Jersey	7,431.3	130,922	1.4	56.8	319	1,792	10,900	27,286	2,641.0	1,714.5
New York	17,509.6	321,881	3.5	54.4	1,731	1,850	10,214	23,673	6,501.1	3,764.0
North Carolina	6,073.8	191,037	2.1	31.8	3,826	3,375	7,603	18,170	2,186.7	976.6
Pennsylvania	11,869.2	197,580	2.8	60.1	420	89	9,252	22,483	4,337.0	2,436.1
South Carolina	3,244.3	203,121	2.2	16.0	909	2,876	7,216	18,301	1,104.3	399.0
Virginia	5,541.7	139,694	1.5	39.7	1,063	3,315	9,156	22,122	1,982.8	1,097.5

The source of the figures used in the Effective Buying Income section and Population section are from the July, 1983 issue of *Sales and Marketing Management*. The figures are estimated for 12/31/82.

The source of the figures used in the Inland Water section is the U.S. Bureau of the Census, Areas of the U.S., 1980 State Area Management Print-Out.

The source of the Coastal Shoreline figures is the U.S. National Oceanic and Atmospheric Administration, *the Coastline of the U.S.*, 1975.

States	Population (thousands)	Total Registered Boats	% of Total Registered Boats in the U.S.	One Boat Per ( ) Persons	Sq. Miles Inland Water	Miles of Coastal Shoreline	EFFECTIVE BUYING INCOME			
							Per Capita	Median Household	Total Households (thousands)	Total Households over $20,000 (thousands)
GULF COAST—1,744,111 REGISTERED BOATS 19.2%										
Alabama	3,991.8	227,346	2.5	17.6	938	607	7,300	17,356	1,415.3	611.4
Florida	10,573.5	483,749	5.3	21.9	4,511	5,095	9,150	19,007	4,159.2	1,970.5
Louisiana	4,373.4	333,765	3.7	13.1	3,230	7,721	8,446	20,471	1,516.7	773.6
Mississippi	2,589.8	117,385	1.3	22.1	456	359	6,641	16,019	870.7	344.7
Texas	15,297.2	581,866	6.4	26.3	4,790	3,359	9,492	22,643	5,447.9	3,048.1
EAST CENTRAL—906,035 REGISTERED BOATS 10.0%										
Arkansas	2,343.7	273,628	3.0	8.6	1,109	—	7,136	16,127	854.3	334.5
Kentucky	3,750.3	115,598	1.3	32.4	740	—	7,414	17,733	1,327.5	585.7
Missouri	4,990.5	280,629	3.1	17.8	752	—	8,675	19,980	1,860.0	929
Tennessee	4,747.5	187,850	2.1	25.3	989	—	8,200	18,969	1,719.8	814.5
West Virginia	1,987.5	48,330	.5	41.1	112	—	7,519	18,237	5,447.9	323.9
GREAT LAKES—2,488,477 REGISTERED BOATS 27.4%										
Illinois	11,489.5	258,419	2.8	44.5	700	—	10,175	25,146	4,157.9	2,543.7
Indiana	5,544.1	170,281	1.9	32.6	253	—	8,331	20,863	1,995.1	1,044.5
Michigan	9,261.2	699,880	7.7	13.2	1,573	—	9,403	24,156	3,288.2	1,956.7
Minnesota	4,177.7	610,177	6.7	6.8	4,854	—	9,332	22,699	1,528.8	863.9
Ohio	10,838.3	330,126	3.6	32.8	325	—	9,241	22,860	3,959.9	2,258.8
Wisconsin	4,796.8	419,594	4.6	11.4	1,727	—	8,734	21,799	1,739.7	952.9
WEST COAST—911,333 REGISTERED BOATS 10.0%										
California	24,912.0	584,461	6.4	42.6	2,407	3,427	10,512	24,260	9,296.1	5,507.7
Oregon	2,719.0	137,625	1.5	19.8	899	1,410	8,569	19,571	1,049.8	512.2
Washington	4,311.9	189,247	2.1	22.8	1,627	3,026	10,115	23,277	1,647.4	947.9
MIDWEST/MOUNTAINS—941,493 REGISTERED BOATS 10.4%										
Arizona	2,973.0	102,839	1.1	28.9	492	—	8,452	20,097	1,081.3	543.4
Colorado	3,099.4	60,276	.7	51.4	496	—	9,763	22,589	1,176.0	663.5
Idaho	993.9	63,193	.7	15.7	1,153	—	7,705	19,222	348.5	166.5
Iowa	2,947.3	184,424	2.0	16.0	309	—	9,028	21,541	1,090.6	588.3
Kansas	2,415.7	80,689	.9	29.9	499	—	9,601	21,774	915.4	497.9
Montana	814.1	30,365	.3	26.8	1,657	—	8,309	19,598	302.6	148.0
Nebraska	1,600.4	44,316	.5	36.1	711	—	9,151	21,131	598.0	316.1
Nevada	887.3	29,453	.3	30.1	667	—	10,002	22,121	348.3	193.0
New Mexico	1,391.7	28,424	.3	49.0	258	—	7,641	18,352	491.1	224.3
North Dakota	675.3	34,210	.4	19.7	1,403	—	9,198	21,827	243.6	132.8
Oklahoma	3,187.8	188,126	2.1	16.9	1,301	—	9,129	20,288	1,204.3	610.5
South Dakota	704.3	29,229	.3	24.1	1,164	—	8,070	18,588	255.1	118.2
Utah	1,580	47,661	.5	33.2	2,826	—	7,452	21,705	491.3	269.0
Wyoming	514.0	18,288	.2	28.1	820	—	9,991	25,446	185.2	115.7
NON CONTIGUOUS—89,159 REGISTERED BOATS 1.0%										
Alaska	454.0	51,230	.6	8.9	20,171	31,383	11,933	30,596	156.3	107.2
Hawaii	1,011.0	12,999	.1	77.8	46	1,052	9,759	26,783	318.1	204.5
American Samoa		62	.0007							
Guam		677	.007							
N. Marianas		90	.0010							
Puerto Rico		21,200	.2							
Virgin Islands		2,901	.03							

The Average Dealer, 1983

Three kinds of eyes keep watch on The Average Dealer in the recreation marine field. The manufacturers watch him to see where the future is going. The customers know him because there's the present source of products and problems. The Dealer himself is wise to keep an eye on that mythical mirror image, The Average, because it's another measurement that helps plan the future steps for the dealership.

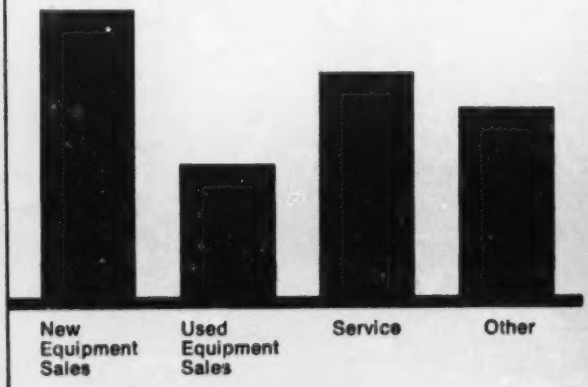
What happened to him in 1983, compared to the year before? He made a little bit more money . . . up to $27,000 profit after his own salary. (The $2,000 gain was undoubtedly wiped out in his mind by inflation.)

How big a business did he need to operate to make that kind of money? About $555,000 for the year was his gross, but various observers of the Average provided some extra insight. If he was operating a waterfront facility, he had to be in the million dollars a year category to make enough money to grow or at least protect his flanks, including reserves and an ability to either expand or inspire confidence so that others helped finance his expansion.

If he was in the sailboat business, chiefly, or at least peripherally, that part of his operation was moderately strong. If he was in the outboard end of things, then, on average, he was *clearly* up. He was probably selling and servicing motors, as well as boats, and probably had a trailer line too.

Like many another retailer, Mr. Average Marine Man must have sometimes told himself that each part of his business was a problem—but all the parts added together made it worthwhile.

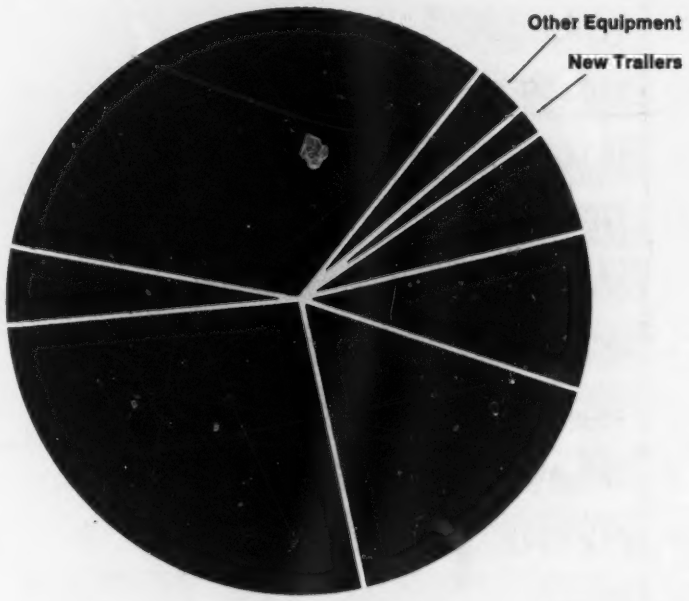
SOURCES OF GROSS INCOME, 1983



Marinas and Boatyards, 1983

Industry sources indicate that by the end of 1983, there were approximately 5,919 marinas and boatclubs in operation—4,419 of which could strictly be classified as marinas, 1,500 as boat clubs. The 1983 figures show about 200 more waterfront facilities than were in operation at the close of 1981 and 1982. Waiting lists for dock space continue to characterize the situation in large metropolitan areas and some Sun Belt areas like Southern California and Florida. In other areas, there are no shortages. In addition to income from mooring and berthing, marinas depend heavily on service and sales to maintain profitability. The trend toward dockominiums and waterfront housing developments incorporating private marina facilities, continued to gain strength in 1983.

MARINA INCOME: WHERE THE DOLLARS COME FROM



The Water Ski Market

PEOPLE: 15,400,000 persons participated in water skiing at least once during 1983.

UNIT SALES BY TYPE:
496,200 combination/regular skis
124,300 slalom skis
6,200 trick skis
1,200 jump skis

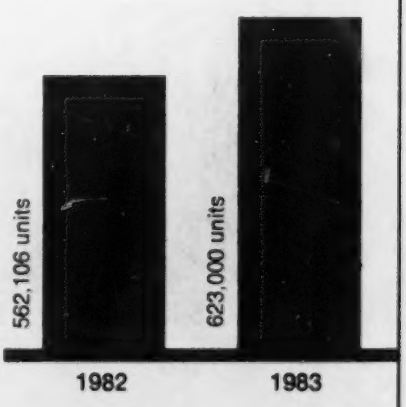
TOTAL DOLLAR SALES: Total dollar sales in 1983 at the wholesale level amounted to $50,257,000; approximately a 9% increase over 1982 wholesale dollar sales of $46,108,000.

WATER SKI SALES: The total wholesale dollar value of water ski unit sales in 1983 was $32,175,000; a 5% increase over 1982's volume of $30,643,000.

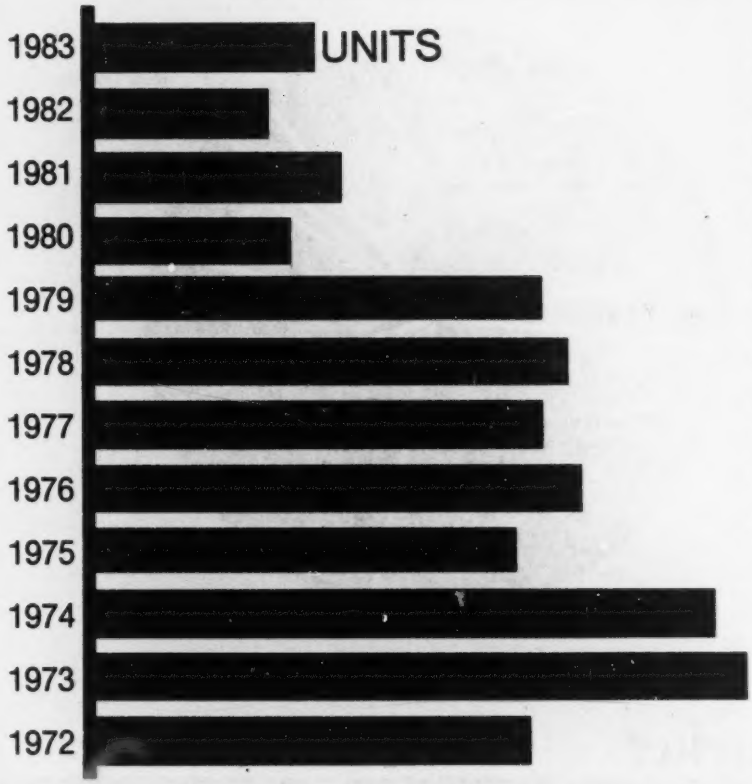
WATER SKI ACCESSORY SALES: At the wholesale level, sales of $18,082,000 were reported for vests, ropes, and other water ski accessories; a 17% jump over the previous year's sales of $15,465,000.

All figures courtesy of the Water Ski Industry Association, North Palm Beach, Fla.

UNIT SALES OF WATER SKIS

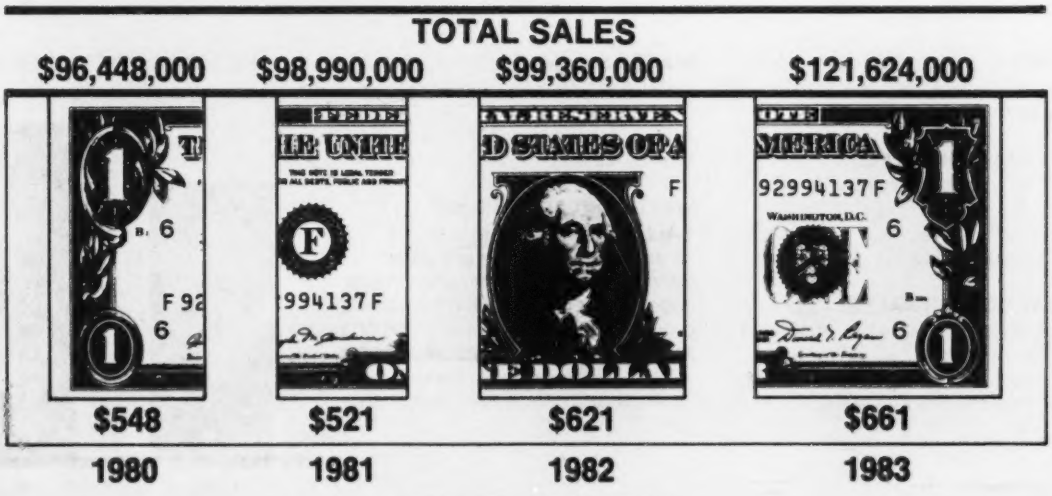


The Trailer Market Turns Upward



Trailers were coming right along, as though towed by boat sales, in 1983, and this is as much fact as figure of speech. The average retail price rose $40 to $661 as 184,000 units were sold during the year. In this, as in most other sales categories, the second and third quarters accounted for most of the volume.

Of course, as any dealer knows, many trailers are sold to persons already owning boats—as replacements, because of a change in location, or for special purposes like vacation trips. One of the factors in the mobile boat market *is* the mobility of the customer and the changing patterns of boat ownership that result.



The Financial Marketplace

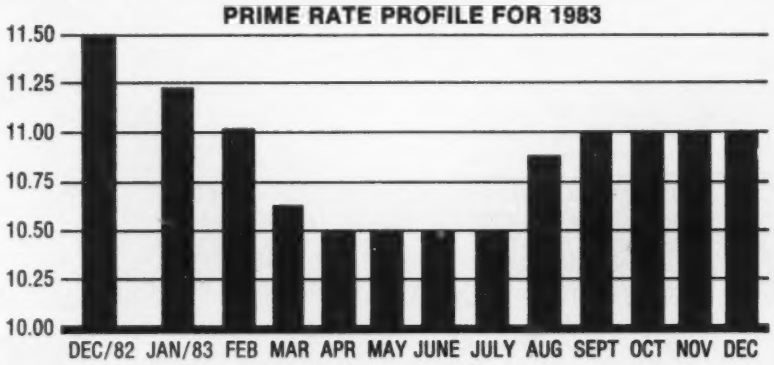
OUTLOOK FOR MONEY HAS CHANGED

The financial marketplace has stabilized. Ever since December of 1982, the prime interest rate has dropped steadily from 11.50% to 10.50% in April. The fact that the rate maintained that level through the month of July, was a key factor for rejuvenated sales in the boat business and revived optimism on the part of dealers and consumers alike.

By August, and the end of the '83 boating season, the prime rate rose (for the first time in nine months) to 10.80%. This increase was followed by a second surge in September to 11%. For awhile, boating people grew reticent and began to wonder if they're sudden good fortune was merely temporary.

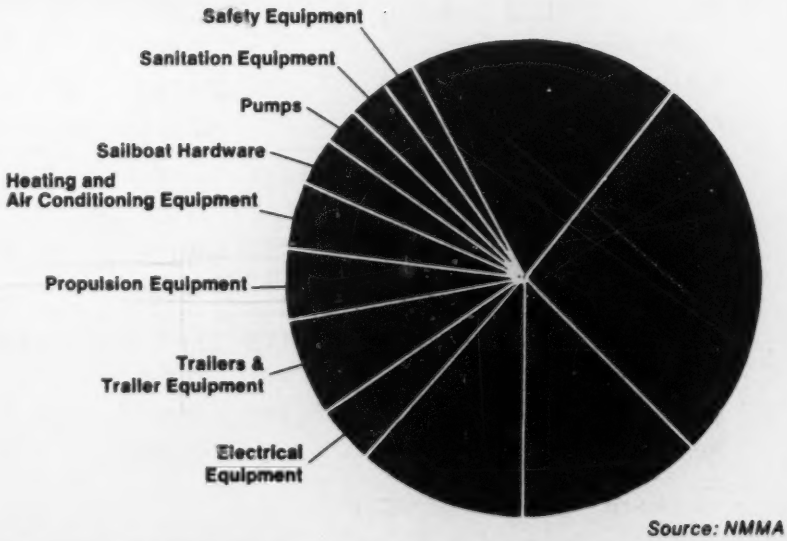
However, ever since September, the prime rate has held firm at that 11% level and all doubts of further spiral increases have been dispelled. Boating analysts appear confident that the money markets have stabilized themselves. This, they assert, should translate into healthy '84 sales.

However, the entire apple cart could be upset if the prime rate begins to fluctuate; either up or down. Stabilized levels after all, create confidence and a bull market. And for the boat business, that means the creation of a sense of "direction" the industry has been sorely lacking during the past five years. To gain that direction, the prime rate must remain "calm" and under the 12% level—to avert, what could be, a disastrous reversal. After all, manufacturer production of boats and engines is presently at peak efficiency. The pipeline is empty. However, the pipeline could become clogged with product—far more than the market could bear—if the prime rate does not behave.



The Accessories Market Gains

It is easy to interview boat owners and find out that accessories are something they talk about and take pride in. It is equally easy to look at almost any dealership and conclude that a lot of equipment is available . . . on the counter, ready if the customers ask for it. What is more difficult to prove is that personal effort by dealers, promotional effort by both dealers and manufacturers, and sound business strategies all come together at this vital point—and when dealer profits are strong, this is the extra. But wise analysts keep saying it (and profitable dealerships keep acting on the implied advice).



Source: NMMA

Sailboat Market on a Changing Course

The sailboat Market made progress in 1983, but it followed the Old Chinese Rule of the Road, "Big Boat Go First," as far as sales upswings could be measured, with the non-powered boats (excluding sailboards) down in units and dollars from a year ago. Auxiliary-powered boats, 30 feet and under in length, made the most of the gains, with a hefty increase of nearly 22% in units and a modest gain of about 4% in total dollars. Indications are that the average retail price of small auxiliaries dropped, but this undoubtedly reflects a swing to more boats selling in the smaller sizes rather than any quality shift in the market.

The larger auxiliaries built in the U.S. gained only modestly in sales volume, with the average boat costing at retail $86,435, up about 4% from the previous year.

Spot checks with sailmakers showed that the upswing came late in the year—which agreed with that other indicator: monthly sales charts of manufacturers.

Including accessories, equipment, and sails the sailboat part of the total marine recreation market continues to grow, with nearly 21% of the total. The after-market (for add-ons) tends to be a little better for various marine dealer categories than the powerboat segment.

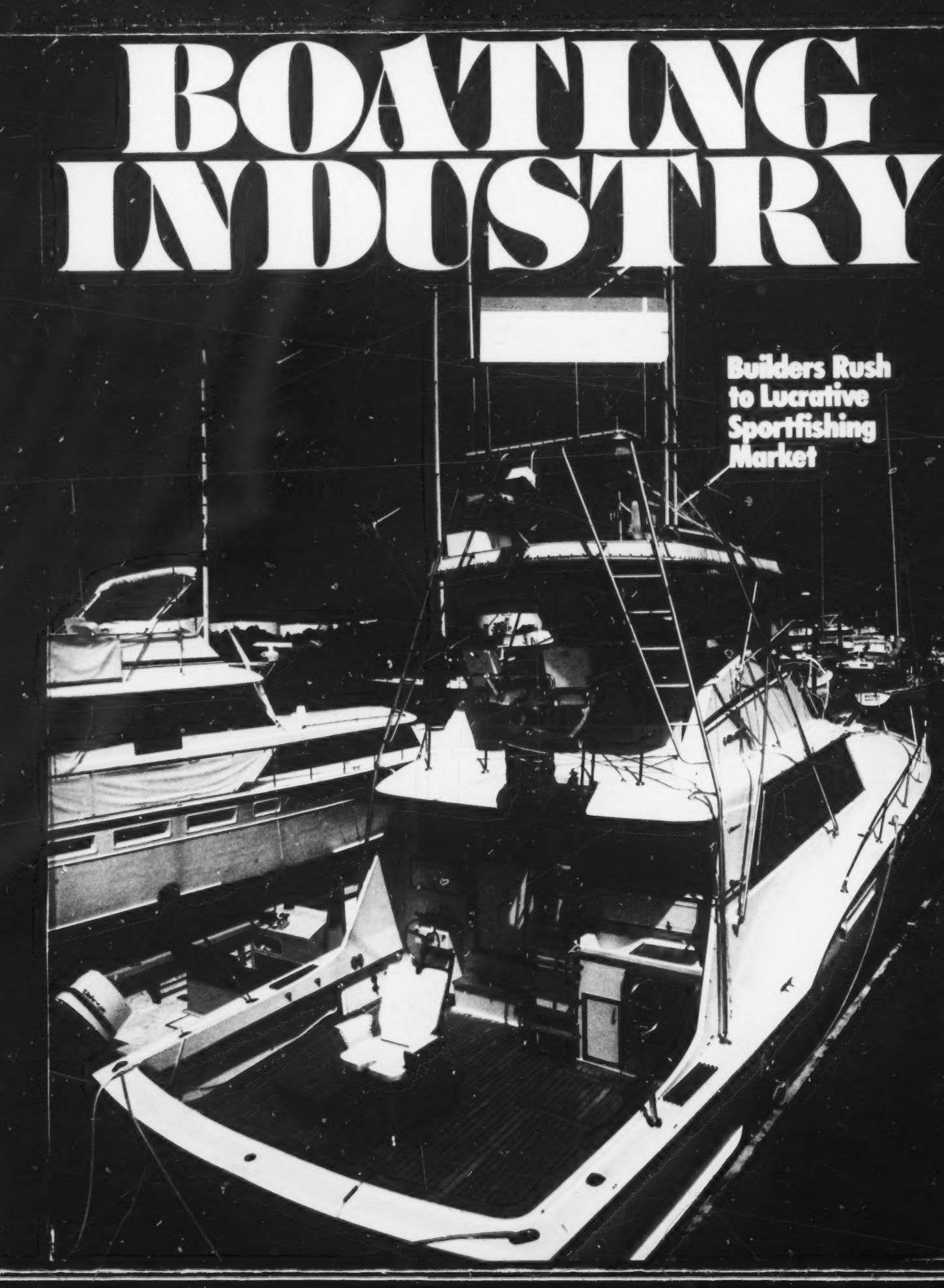
	1981	1982	1983
NON-POWERED SAILBOATS, ALL SIZES*			
Total Units Sold	73,000	50,000	40,000
Retail Value	$185,055,000	$121,000,000	$115,040,000
Average Retail Unit Cost	$2,535	$2,420	$2,876
AUXILIARY-POWERED SAILBOATS, 30 FT AND UNDER			
Total Units Sold	1,280	1,060	1,290
Retail Value	$41,658,000	$34,598,000	$35,900,700
Average Retail Unit Cost	$32,545	$32,640	$27,830
AUXILIARY-POWERED SAILBOATS, 30 FT AND OVER			
Total Units Sold	2,820	2,340	2,450
Retail Value	$236,682,000	$194,922,000	$211,765,750
Average Retail Unit Cost	$83,930	$83,300	$86,435

*DOES NOT INCLUDE SAILBOARDS

Feb. thru June 1984 Not Filmed

BOATING INDUSTRY

Builders Rush to Lucrative Sportfishing Market



BOATING INDUSTRY

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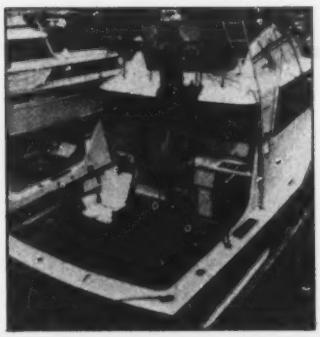
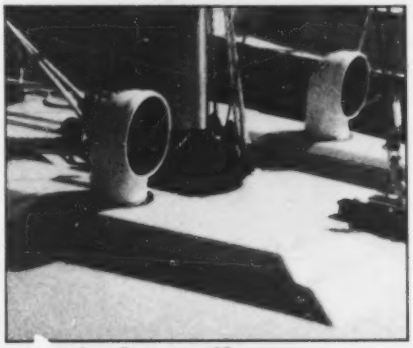


Cover

The number of builders offering gleaming fishing machines to the sportsfisherman has multiplied rapidly since the resilience of this unique market has come to light.

PHOTO: BOUNDAS



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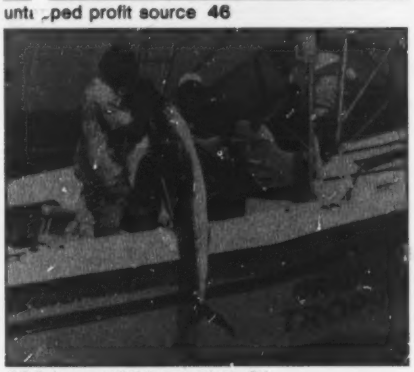

SRO in sportfishing market 34

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34 THE LURE OF SPORTFISHING

Although the sportfishing market has historically been considered recession-proof due to its die-hard participants, it is also a non-growth oriented market. As the number of builders offering sportfishing models proliferates, pre-existing profit margins and market shares continue to slip.

42 SALES SPIFFS: SIGN OF WEAK MANAGEMENT

Many of the spiffs to salespeople at a dealership are a direct reflection of the overall management and decision-making ability of a firm. Generally, spiff programs point to management weakness in training and managing a good sales team.

44 ENERGIZE YOUR ADS IN THE YELLOW PAGES

There is no better way to reach your prospect than through the Yellow Pages. But how do you distinguish your firm when the competition is offering a similar variety of services?

46 PROFIT SLEEPER: SAILBOAT VENTILATION

Proper ventilation is the price owners of sailboat auxiliaries must pay to enjoy their boats as often as possible. Since many new boats are not properly ventilated when they arrive at your dealership, you must either do the job yourself, or encourage your customers to do it themselves.

50 READERS' CHOICE TOP 100 PRODUCTS

A roster of the products that generated the greatest number of reader inquiries in the past year, plus an opportunity to find out more about these champions, if you missed them the first time.

MARINE BUSINESS **Hotline**

A QUARTERLY REPORT, SURVEYED BY BOATING INDUSTRY, TO KEEP YOU IN TOUCH WITH THE LATEST BUSINESS CONDITIONS.

Marine Money Markets Spur Sales, But Worry Dealers

BY PETER MORTON COAN

☐ In this, the seventh edition of *Marine Business Hotline*, we polled our top twenty-five dealers nationwide to gauge present financial conditions regarding consumer financing and dealer floorplanning.

Essentially, marine money markets are both vibrant and stable and offer the best climate for doing business (in both the sail and power segment) not seen since 1979. On a national level, our poll indicates favorable financial statistics across the board.

For instance, on the subject of *consumer financing*, it is much easier today for the prospective boat buyer to make his purchase than it was one year ago. One year ago, it cost the American consumer an average interest rate of 15.28% to borrow money, while today that rate stands at 14.01%. In addition, the national average for downpayments has been reduced from 20.68% a year ago, to 18.68% today. Finally, the maximum term for boat loans has increased from 10.21 years to 12.24 years. Truly, our revived national economy has meant that commercial banks, savings & loans and national finance companies are heavily competing for the *disposable* buck of the American boat buyer.

These financial institutions are also competing for the floorplanning business of marine dealers. There's a reason. The national average for annual gross sales of the marine retailer has risen from $2,502,083 a year ago, to $3,316,964 today. As a result, maximum lines of credit have increased, on national average, from $673,958 to $885,417.

In addition, sources of credit to get that money have become more diversified. Today, a marine dealer can not only find a receptive audience in commercial banks and national finance companies, but in savings & loan institutions. A year ago, that was not the case since savings & loans were not permitted to deal in commercial paper. Finally, more and more boatbuilders have begun offering factory floorplanning as an alternative means for dealers to stock their showrooms; and they're taking advantage of it. By dealing directly with the boat manufacturer, many retailers have forged closer business ties with their suppliers, and have been able to streamline and consolidate their operation by eliminating the middle man.

> Marine money markets are both vibrant and stable and offer the best climate for doing business not seen since 1979.

On a regional level, each segment of the United States—the Northeast, South, West and Midwest/Great Lakes—have all experienced a tremendous easing of money availability. Let's take a look.

Northeast

This region of the country has prospered most by our economic recovery with marine dealers reporting gross annual sales (through June of 1984) at a robust $3,825,000, up from $3,125,000 a year ago. Because of the healthy economic environment, maximum lines of credit for retail floorplanning are 42% higher than in the spring of '83. And interest rates for consumer lending (13.50%) are the lowest of any other region in the nation. Not surprisingly, maximum terms for consumer borrowing (16.60 years) are also the most attractive in the nation.

Despite the prosperity, dealers of the Northeast have their own concerns regarding floorplanning and consumer financing. Allen Berrien of the Milford Boat Works, Milford, CT—a dealer who has experienced his "highest volume year yet in sailboat sales"—is concerned about delays on bank confirmations for boats sold. He is also mindful of over-ordering, unsure how long the good times will roll.

The rest of our Northeast dealers agreed, especially on the subject of rising interest rates—their greatest concern. If the consumer lending rate rises above 15%, they believe sales will suffer.

South

This region, the last to feel the recession bite, is back! And back in force, with dealers reporting a 35% increase in annual gross sales over 1983 figures. They also report a greater availability of lending

REGIONAL AVERAGES FOR CONSUMER FINANCING FOR NEW BOAT LOANS
Based on amounts financed not more than $50,000.

REGIONS	INTEREST RATE Present	Year ago	DOWNPAYMENT Present	Year ago	MAXIMUM TERM Present	Year ago
NORTHEAST	13.50%	15.38%	20.40%	21.25%	16.60 yrs	10.59 yrs
SOUTH	14.06%	15.00%	18.50%	20.20%	9.70 yrs	9.49 yrs
WEST	14.40%	14.75%	18.00%	20.25%	12.80 yrs	11.67 yrs
MIDWEST/ GREAT LAKES	14.07%	15.075%	17.80%	21.00%	9.85 yrs	9.09 yrs
NATIONAL AVERAGE	14.01%	15.28%	18.68%	20.68%	12.24 yrs	10.21 yrs

Composite of commercial banks, savings & loans, and national finance companies.

sources for floorplanning. But when it comes to consumer lending, several dealers expressed the opinion that they need more cooperation from banks to move boats out of the showroom.

"The banks here are not liberal enough," said John Scarborough of Coastal Marine Sales, Theodore, AL. "They take too long to get a credit application approved—as much as a week or more. And as a result, the customer begins to have second thoughts about purchasing a boat."

"In addition," said Pete Perdue of Perdue Dean, Key Largo, FL, "banks change policies every two weeks it seems."

Pat Helton of Helton Boat Works in Houston, TX, agrees. "There's a tremendous inconsistency," he said of his local banks. "In the last four years I've dealt with three different lending institutions because their attitude always changes. It's not a secure feeling."

West

After a prosperous 1983, this region has prospered even further; with annual gross sales and maximum lines of credit for dealer floorplanning more favorable than at any time in the past six years. The climate for consumer borrowing has also seen gains with interest rates slightly down, downpayments considerably down, and maximum terms for loans moderately up.

As a result, every dealer polled—from William Trudeau of Trudeau's Marine in Spokane, WA, to Don Hoffman of Ken's Boat Center in Burbank, CA—reported pristine contentment with marine money markets; the only concern, once again, the possibility of rising interest rates in this, an election year.

Midwest/Great Lakes

Proportionally speaking, this region has rebounded best from the recession. The growth has been considerable. In just one year's time, the average annual gross sales income of retailers has grown from $1,766,666 to $2,892,857. In addition, maximum lines of credit for dealer floorplanning have expanded from an average of $483,333 to $713,333, and most importantly, the interest rate with which dealers can borrow money dropped from 13.34% to 12.60%.

In the area of consumer financing, on average interest rates are down one percentage point from a year ago, downpayments down two and a half percentage points, and maximum terms for boat loans up slightly.

Even so, dealers are wary about interest rates because although, for example, this region and the West have a similar rate, they do not have a similar socio-economic climate. Most blue-collar Midwesterners simply cannot afford the kind of luxurious crafts many white-collar Californians enjoy. Therefore, a jump of even one percentage point above the present average level (14.07%) can seriously hurt Midwestern boat sales, while only dent Western ones.

Jerry Larson of Larson Marine, Waukegan, IL, best summed up dealer attitudes: "I feel that if interest rates move up any higher, they will definitely hurt boat sales and it will discourage dealers from stocking boats."

Outlook

The prevention of drastic fluctuations in marine money markets will depend on the outcome of this fall's presidential election. Most retailers polled would prefer to see Reagan stay in the White House. However, it's also a historical fact that regardless of who becomes president, the period after an election is period of total uncertainty.

The 1984 boating season should end on a majestic note with 1985 to begin on a mysterious one. □

REGIONAL AVERAGES FOR DEALER FLOORPLANNING
25 DEALERS SURVEYED NATIONWIDE

REGIONS	ANNUAL GROSS SALES INCOME	LINE OF CREDIT (Maximum)	SOURCE OF CREDIT	*INTEREST RATE
NORTHEAST	$3,825,000	$1,420,000	Local Banks	12.87%
SOUTH	$2,750,000	$583,333	Local Banks Finance Companies Factory Programs	12.79%
WEST	$3,800,000	$825,000	Local Banks Finance Companies Factory Programs	10.30%
MIDWEST/ GREAT LAKES	$2,892,857	$713,333	Local Banks Finance Companies	12.60%
NATIONAL AVERAGE	$3,316,964	$885,417	—	12.14%

**Interest Rates based on a prime rate of 12.5% as of 6/25/84.*